

TOWN OF BEDFORD
DEPARTMENT OF PUBLIC WORKS

DATE: May 27, 2016

TO: Richard T. Reed, Town Manager
Michael Rosen, Assistant Town Manager

FROM: April DeLano, Business Manager, Public Works

SUBJECT: FY2017 REFUSE AND RECYCLING CONTRACT, REPUBLIC SERVICES

The Town of Bedford entered a five (5) contract with Republic Services in FY2011 to provide curbside collection of refuse and recycling which is set to expire June 30, 2016. The program of automated refuse collection with a 48 gallon cart was implemented along with the existing program of manual collection for recycling by way of 18 gallon bins and the ability to utilize regular containers, labeled with a sticker. Also, the contract included the following additional services:

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| -Overflow Refuse Bag Collection | -Bulky Waste Call in Collection |
| -4 Weeks of Yardwaste Collection | -Holiday Tree Collection |
| -CRT and Whitegood Collection | -\$2,000 Mailer Subsidy |
| -Town & School Building Refuse and Recycling Collection | |

Town staff has been working with representatives from Republic Services to consider the next five (5) year contract. We feel that there are two (2) options available to the Town.

OPTION 1

Refuse: Automated 48 Gallon Cart Collection

Recycling: Manual 18 Gallon Bin Collection, 35 Gallon Labeled Container

COST \$851,250- Year 1

This program, Option 1, Status Quo, would provide the same level of service currently being performed. This includes the automated collection of refuse with the 48 gallon cart along with the existing means of recycling with the 18 gallon grey bins and the ability to utilize regular containers, labeled with a recycling sticker. All additional services would remain the current level as listed above.

OPTION 2

Refuse: Automated 48 Gallon Cart Collection

Recycling: Automated 64 Gallon Cart Collection

COST \$881,760- Year 1

This program, Option 2, Implementation of Automated Recycling, would provide a standardized recycling cart, in which recycling is commingled and automatically collected in the same manner as the automated collection of refuse (trash). Also included is the cost of Republic Services furnishing 4,500 recycling carts to each residence. All additional services would remain the current level as listed above.

Recycling Markets/Recycling Processing Fee

Under the current contract, in relation to the revenue sharing program, the Town now receives a paper rebate in the form of credit of which the Town receives 55% of the difference between the market price of newspaper and a \$45 processing fee. In the past month, for example, the Town received a credit of \$296 for 74 tons of paper at \$4 per ton. This practice would dissolve under both options in FY2017.

Over the course of the years, we have seen the market for recyclables drastically reduce. This is linked to several factors including a slowdown of the Chinese economy, improvements to those recycling programs in India and China which provides new sources for materials in those countries, the value of the U.S. dollar versus the Euro making it cheaper to get material from Europe, drop in oil prices, and the contamination of recyclables.

Approximately one year ago, operators of recycling processing facilities, also called material processing facilities or MRFs, announced that they would begin charging their customers for sorting, bailing and marketing recyclable materials. The purpose of this is to offset the reduction in revenues for the various materials to the contractors. MRFs are currently charging approximately \$75 per ton to process materials. The revenue generated from selling the materials is credited toward this charge and customers pay the difference or receive a rebate if the revenue exceeds the recycling processing fee. Republic Services has agreed to set an index-based processing ceiling that shall not exceed \$45 per ton for the recycling fee. Should the markets drastically improve, the Town would benefit and receive credit for recycling.

Staff is anticipating that the Town will have to cover the cost of the recycling processing fee not to exceed \$59,500 for FY2017. These fees are not included in the offers made by Republic Services and will have to be supplemented by the Refuse and Recycling budget.

Funding in the amount \$690,097 was approved at Annual Town Meeting for FY2017 for the collection of refuse and recycling. As a means of funding either option, it has been recommended that \$45,000 be transferred from the refuse and recycling revolving funds, and increase overflow refuse bag sales and extra refuse containers fees to create \$15,266. It should also be noted that if the Town decides to implement the 64 gallon cart, automated weekly recycling program, the Department of Environmental Protection (DEP) would award the Town a grant in the amount of \$9,000 per year, for a total of \$45,000 over 5 years.

Carolyn Dann, Massachusetts Department of Environmental Protection, Municipal Recycling Coordinator, has stated that with the implementation of an automated recycling program, the Town would expect to see a 3% to 5% (160 tons) decrease in trash tonnage, which results in approximately \$11,000 yearly savings in incinerator fees.

With Option #1 costing a total of \$851,250, and adding the estimated recycling processing fee of \$59,500, an additional \$160,387 will be required as a FY2017 operating budget amendment. With Option #2 costing a total of \$881,760, and adding the estimated recycling processing fee of \$59,500, but crediting back the \$11,000 in savings on incinerator fees, as aforementioned, and the \$9,000 for the DEP grant, an additional \$170,897 will be required as a FY2017 operating budget amendment.

Under both options, an annual CPI adjustment would be applied to Years Two (2) through Five (5) using the most recent available 12 month average compared to the 12 months preceding, and will not exceed 3.5 percent.